

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE,

THE DELAWARE ENERGY OFFICE,  
THE CONTROLLER GENERAL'S OFFICE, AND  
THE OFFICE OF MANAGEMENT AND BUDGET

IN THE MATTER OF INTEGRATED RESOURCE )  
PLANNING FOR THE PROVISION OF STANDARD )  
OFFER SUPPLY SERVICE BY DELMARVA POWER & )  
LIGHT COMPANY UNDER 26 DEL. C. § 1007(c)& ) PSC DOCKET NO. 06-241  
(d): REVIEW AND APPROVAL OF THE REQUEST )  
FOR PROPOSALS FOR THE CONSTRUCTION OF )  
NEW GENERATION RESOURCES UNDER 26 DEL. C. )  
§ 1007(d) (Opened JULY 25, 2006) )

ORDER NO. 7131

This 6<sup>th</sup> day of February, 2007, the Commission and the Office of Management and Budget, the Controller General's Office, and the Delaware Energy Office ("State Agencies") determine and Order as follows:

1. This Order is entered to set forth a procedural framework for the Commission's and the other State Agencies' (sometimes hereinafter collectively referred to as the "Agencies") continuing oversight and evaluation of the Request for Proposals ("RFP") for the construction of potential new generation resources within Delaware for the purpose of serving Delmarva Power & Light Company's ("DP&L" or the "Company") customers taking Standard Offer Service ("SOS"), which was legislated as part of the "Electric Utility Retail Customer Supply Act of 2006" (hereinafter "EURCSA" or the "Act"). On October 31, 2006, the Commission and the Delaware Energy Office entered Order No. 7066 reflecting their decision on the appropriate components of an RFP to

solicit bids to provide new capacity and energy sited in Delaware for SOS customers of DP&L as required under EURCSA.<sup>1</sup>

2. Under the provisions of EURCSA, specifically 26 Del. C. § 1007(d)(3), the Agencies are directed, by February 28, 2007, to evaluate any proposals received under the RFP procurement process and "may" approve one or more such proposals if they meet certain criteria set forth in the Act. In order to fulfill this requirement under the Act, the Commission and the other State Agencies believe that additional procedural milestones need to be put in place in order to satisfy the intent of the legislation.

3. Pursuant to the legislation, the Agencies have engaged the services of New Energy Opportunities, Inc. (the "Consultant") to assist in the evaluation of the bids that were received on December 21 and 22, 2006 in response to the RFP. The Consultant has been instructed to review the bids and file its initial evaluation report (the "Evaluation Report") on or before February 21, 2007, with a public version to be posted on the Commission's website. The Agencies will conduct a public meeting at Legislative Hall on Tuesday, February 27, 2007, starting at 10:00 AM to consider the Evaluation Report and any public comments thereto.

4. Concurrently, Delmarva Power has engaged the services of ICF Consulting to develop the RFP, monitor the process, and evaluate the RFP generation bids received by DP&L. The State Agencies' Independent Consultant has been monitoring and coordinating with

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<sup>1</sup>Order No. 7066 was modified in certain respects by Order No. 7081, dated November 21, 2006, and supplemented with Findings and Opinion Supplementing Order No. 7106, entered January 23, 2007.

DP&L's evaluation team to ensure a fair and equitable review. It is anticipated that DP&L will have its evaluative report available on or before February 21, 2007 and a public version of such report will be posted as available.

5. It is anticipated that some or all of the Evaluation Reports may not be available in sufficient time, prior to the February 27, 2007 meeting, to allow meaningful public comment, and it is the Agencies' desire to have such comment before deliberations on any formal approval of bids received under the RFP process. Accordingly, the Agencies will allow additional public comment on the Evaluation Report through March 23, 2007. In addition, the Agencies direct DP&L and Staff to host at least one town hall meeting in each county to discuss the Evaluation Reports, and to answer questions that interested members of the public may have with regard to the RFP evaluative reports during the week of March 5, 2007.

6. The Commission has also opened a docket to consider the Integrated Resource Plan ("IRP") submitted by DP&L, pursuant to 26 Del. C. § 1007(c). See PSC Docket No. 07-20. This process requires DP&L to evaluate all available supply options (including procurement, generation, transmission, conservation, and load management) over a ten-year planning period. It must also forecast the appropriate mix of such resources that will be utilized to meet the needs of the SOS customers at minimal cost and without sacrificing adequate reliability. See 26 Del. C. § 1007(c)(1).

7. Commission Staff is directed to work with an appropriate consultant as needed to make an initial review of DP&L's IRP and to

provide an interim report ("Interim Report") no later than April 4, 2007 to the Agencies for the purpose of providing a framework within which to consider the results of the RFP evaluation.

8. On May 8, 2007, the Commission and State Agencies will meet to discuss the Interim Report on DP&L's IRP and any conclusions reached regarding the results of the RFP evaluation process. At that meeting, the Commission and State Agencies shall provide the appropriate direction to DP&L as to whether DP&L should initiate negotiations to finalize a contract with any of the bidders responding to the RFP, or whether to take some other action. If DP&L is instructed to begin negotiations to finalize a contract with one or more bidders, such negotiations shall be completed and a final contract submitted to the Commission and State Agencies no later than June 15, 2007 or as may be otherwise mutually agreed to by all parties.

9. The Agencies agree to meet on or before June 19, 2007, or another mutually agreed upon date, to make a final decision on any materials submitted by June 15, 2007 and to sign any Orders necessary to approve said contract(s).

10. The Agencies reserve the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE DELAWARE PUBLIC SERVICE COMMISSION,  
THE DELAWARE ENERGY OFFICE,  
THE CONTROLLER GENERAL'S OFFICE, AND  
THE OFFICE OF MANAGEMENT & BUDGET

**DNREC ENERGY OFFICE**

/s/ Philip J. Cherry  
Philip J. Cherry,  
Director of Policy & Planning  
DNREC Energy Office

**THE CONTROLLER GENERAL**

/s/ J. Cohan  
Jennifer Cohan  
Senior Legislative Analyst  
Office of the Controller General,  
Legislative Hall

**THE OFFICE OF MANAGEMENT & BUDGET**

Robert Scoglietti  
Director of Policy & External Affairs  
Office of Management & Budget

ATTEST:

/s/ Karen J. Nickerson  
Secretary

**PUBLIC SERVICE COMMISSION**

/s/ Arnetta McRae  
Chair

/s/ Joann T. Conaway  
Commissioner

/s/ Dallas Winslow  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

/s/ Jeffrey J. Clark  
Commissioner